

*Chrous*

18 November 1957

THRU :

Transmittal of Project 35.515, "Naval and Merchant Shipbuilding in Communist China, 1950-56"

1. Project 35.515, "Naval and Merchant Shipbuilding in Communist China, 1950-56" is submitted herewith for publication as an

2. This project has been on the books since 1954 and was intended to up-date the material in CIA/RR-8, "The Shipbuilding Industry of Communist China" (dated 27 Aug 1952). It is interesting to compare some of the statements in CIA/RR-8 with those of the attached report. CIA/RR-8 stated on page 11:

"Since shipyard facilities require very sizeable amounts of capital, there are no prospects for the large-scale development of Chinese Communist shipbuilding and repair facilities in the near future. The critical deficiency in skilled personnel is a distinct limitation to the success of any shipbuilding program. Another factor tending to retard the expansion of the industry is the lack of an effective electric power network and of power generating facilities. In addition, poor administration, inadequate stockpiles, and lack of essential natural resources for large ship construction constitute grave limitations for the Chinese shipbuilding industry."

The attached report states on page 21:

"With Soviet assistance, under the First Five Year Plan (1953-57) Communist China has increased the size of its naval and merchant fleets. The successes in construction of naval vessels and to a lesser extent, in that of maritime vessels during this first Plan indicates that the Chinese shipbuilding industry has established a firm base for the construction of vessels. On the basis of its development since 1950 and the continuing expansion of facilities for construction of vessels, China has established the foundation for future growth as a naval and maritime power."

NSA review completed

[REDACTED]

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3. This comparison shows that we had not anticipated Soviet assistance to this industry, its extent and effectiveness.

4. Although information on shipbuilding in China is at least fragmentary, the analyst [REDACTED] has done a very creditable job in developing this study of the industry. The report is well organized and written, and its publication [REDACTED] is recommended.

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**Attachment:**  
Project 35.515

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